

# 2007-2008 ANNUAL REPORT

## II. SPECIAL/CAPITAL FUNDS

This section of the Annual Report summarizes the performance of the special and capital funds in 2007-2008. The report is broken down into the following sections:

***Enterprise Funds*** – These funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent is that costs and expenses of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The funds associated with the City's parking system, municipal water system, wastewater treatment system, and San José International Airport fall into this category.

***Special Funds*** – These funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provision, local ordinance, or federal grant regulation to finance particular functions of the City.

***Capital Funds*** – These funds are used to account for resources designated to acquire or construct general fixed assets and major improvements.

For each fund, there is a chart that compares the 2007-2008 modified budget and actuals for revenues and expenditures. The budget figure for expenditures excludes the ending fund balance and reserves, since these funds are not expended.

The chart also compares the 2007-2008 estimated ending fund balance that was used in the development of the 2008-2009 Adopted Budget. Consistent with the treatment of reserves in the Adopted Budgets, the estimated ending fund balance for special funds includes reserves, while the estimated ending fund balance for capital funds excludes reserves. This calculation shows the adjustment to the 2008-2009 Beginning Fund Balance that is recommended as part of the Annual Report. These transactions are shown as Fund Balance Reconciliations in Section III of this document.

For each fund, there is a discussion of significant variances in the expenditure, revenue, and fund balance categories.